

**SENATE BILL NO. 3004**

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - THIRD SPECIAL SESSION

BY SENATOR KIEHL

Introduced: 9/2/21

Referred: Finance

**A BILL**

**FOR AN ACT ENTITLED**

1   **"An Act relating to use of income of the Alaska permanent fund; relating to the amount**  
2   **of the permanent fund dividend; relating to the duties of the commissioner of revenue;**  
3   **and providing for an effective date."**

4   **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5    \* **Section 1.** AS 37.13.140 is amended to read:

6           **Sec. 37.13.140. Income.** (a) Net income of the fund includes income of the  
7           earnings reserve account established under AS 37.13.145. Net income of the fund shall  
8           be computed annually as of the last day of the fiscal year in accordance with generally  
9           accepted accounting principles, excluding any unrealized gains or losses. [INCOME  
10          AVAILABLE FOR DISTRIBUTION EQUALS 21 PERCENT OF THE NET  
11          INCOME OF THE FUND FOR THE LAST FIVE FISCAL YEARS, INCLUDING  
12          THE FISCAL YEAR JUST ENDED, BUT MAY NOT EXCEED NET INCOME OF  
13          THE FUND FOR THE FISCAL YEAR JUST ENDED PLUS THE BALANCE IN  
14          THE EARNINGS RESERVE ACCOUNT DESCRIBED IN AS 37.13.145.]

(b) The corporation shall determine the amount available for appropriation each year. The amount available for appropriation is five percent of the average market value of the fund for the first five of the preceding six fiscal years, including the fiscal year just ended, computed annually for each fiscal year in accordance with generally accepted accounting principles. In this subsection, "average market value of the fund" includes the balance of the earnings reserve account established under AS 37.13.145, but does not include that portion of the principal attributed to the settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District). **The amount available for appropriation may not exceed the balance in the earnings reserve account described in AS 37.13.145.**

\* Sec. 2. AS 37.13.145(b) is amended to read:

(b) **Except as provided in (g) of this section,** [AT THE END OF] each fiscal year, the **legislature may appropriate** [CORPORATION SHALL TRANSFER] from the earnings reserve account to the dividend fund established under AS 43.23.045, **the amount necessary to distribute the following amounts for permanent fund dividends to each eligible individual for each of the following fiscal years:**

**(1) \$1,100 in fiscal year 2022;**

**(2) \$1,500 in fiscal year 2023;**

**(3) \$2,000 in fiscal year 2024; and**

**(4) \$2,250 in fiscal year 2025** [50 PERCENT OF THE INCOME AVAILABLE FOR DISTRIBUTION UNDER AS 37.13.140].

\* Sec. 3. AS 37.13.145(b), as amended by sec. 2 of this Act, is amended to read:

(b) **Each** [EXCEPT AS PROVIDED IN (g) OF THIS SECTION, EACH] fiscal year, the legislature may appropriate from the earnings reserve account to the

**(1) dividend fund established under AS 43.23.045, 50 percent of the amount available for appropriation under AS 37.13.140(b); and**

**(2) general fund, 50 percent of the amount available for appropriation under AS 37.13.140(b)** [THE AMOUNT NECESSARY TO DISTRIBUTE THE FOLLOWING AMOUNTS FOR PERMANENT FUND DIVIDENDS TO EACH ELIGIBLE INDIVIDUAL FOR EACH OF THE FOLLOWING FISCAL YEARS:

- (1) \$1,100 IN FISCAL YEAR 2022;
- (2) \$1,500 IN FISCAL YEAR 2023;
- (3) \$2,000 IN FISCAL YEAR 2024; AND
- (4) \$2,250 IN FISCAL YEAR 2025].

\* **Sec. 4.** AS 37.13.145(c) is amended to read:

(c) After the **appropriations** [TRANSFER] under (b) [AND AN APPROPRIATION UNDER (e)] of this section, the **legislature may appropriate** [CORPORATION SHALL TRANSFER] from the earnings reserve account to the principal of the fund an amount sufficient to offset the effect of inflation on the principal of the fund during that fiscal year. However, none of the amount transferred shall be applied to increase the value of that portion of the principal attributed to the settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District) on July 1, 2004. The corporation shall calculate the amount to transfer to the principal under this subsection by

(1) computing the average of the monthly United States Consumer Price Index for all urban consumers for each of the two previous calendar years;

(2) computing the percentage change between the first and second calendar year average; and

(3) applying that rate to the value of the principal of the fund on the last day of the fiscal year just ended, including that portion of the principal attributed to the settlement of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District).

\* **Sec. 5.** AS 37.13.145(d) is amended to read:

(d) Notwithstanding (b) of this section, income earned on money awarded in or received as a result of State v. Amerada Hess, et al., 1JU-77-847 Civ. (Superior Court, First Judicial District), including settlement, summary judgment, or adjustment to a royalty-in-kind contract that is tied to the outcome of this case, or interest earned on the money, or on the earnings of the money shall be treated in the same manner as other income of the Alaska permanent fund, except that it **may** [IS] not **be included in the calculation of the amount** available for **appropriation under AS 37.13.140(b)** **or** [DISTRIBUTION TO THE DIVIDEND FUND, FOR TRANSFERS] to the

principal under (c) of this section [, OR FOR AN APPROPRIATION UNDER (e) OF THIS SECTION,] and shall be annually deposited into the Alaska capital income fund (AS 37.05.565).

\* **Sec. 6.** AS 37.13.145 is amended by adding a new subsection to read:

(g) The amount appropriated for permanent fund dividends each year under (b) of this section may be reduced if the amount necessary to distribute the dividends for that year exceeds the amount available for appropriation under AS 37.13.140(b).

\* **Sec. 7.** AS 37.13.300(c) is amended to read:

(c) Net income from the mental health trust fund may not be included in the computation of net income of the fund, the [OR] market value of the fund, or the amount available for [DISTRIBUTION OR] appropriation under AS 37.13.140(b) [AS 37.13.140].

\* **Sec. 8.** AS 37.14.031(c) is amended to read:

(c) The net income of the fund shall be determined by the Alaska Permanent Fund Corporation and shall be computed annually as of the last day of the fiscal year in accordance with generally accepted accounting principles, excluding any unrealized gains or losses [IN THE SAME MANNER THE CORPORATION DETERMINES THE NET INCOME OF THE ALASKA PERMANENT FUND UNDER AS 37.13.140].

\* **Sec. 9.** AS 43.23.025(a) is amended to read:

(a) By October 1 of each year, the commissioner shall determine the value of each permanent fund dividend for that year by

(1) determining the total amount available for dividend payments, which equals

(A) the amount appropriated [OF INCOME OF THE ALASKA PERMANENT FUND TRANSFERRED] to the dividend fund under AS 37.13.145(b) during the current year;

(B) plus the unexpended and unobligated balances of prior fiscal year appropriations that lapse into the dividend fund under AS 43.23.045(d);

(C) less the amount necessary to pay prior year dividends from

1 the dividend fund in the current year under AS 43.23.005(h), 43.23.021, and  
2 43.23.055(3) and (7);

3 (D) less the amount necessary to pay dividends from the  
4 dividend fund due to eligible applicants who, as determined by the department,  
5 filed for a previous year's dividend by the filing deadline but who were not  
6 included in a previous year's dividend computation;

7 (E) less appropriations from the dividend fund during the  
8 current year, including amounts to pay costs of administering the dividend  
9 program and the hold harmless provisions of AS 43.23.240;

10 (2) determining the number of individuals eligible to receive a  
11 dividend payment for the current year and the number of estates and successors  
12 eligible to receive a dividend payment for the current year under AS 43.23.005(h); and

13 (3) dividing the amount determined under (1) of this subsection by the  
14 amount determined under (2) of this subsection.

15 \* **Sec. 10.** AS 37.13.145(e), 37.13.145(f), and 37.13.145(g) are repealed.

16 \* **Sec. 11.** Sections 2 and 6 of this Act take effect immediately under AS 01.10.070(c).

17 \* **Sec. 12.** Except as provided in sec. 11 of this Act, this Act takes effect July 1, 2025.